

LINDA LINGLE
GOVERNOR



CARLITO P. CALIBOSO
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COMMISSIONER

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COMMISSIONER

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STATE OF HAWAII
PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE

465 S. KING STREET, #103
HONOLULU, HAWAII 96813

e-mail: Hawaii.PUC@hawaii.gov

July 21, 2008

Catherine P. Awakuni
Executive Director
Department of Commerce and Consumer Affairs
Division of Consumer Advocacy
P.O. Box 541
Honolulu, Hawaii 96809

Brian T. Moto, Corporation Counsel
Jane E. Lovell, Deputy Corporation Counsel
Department of the Corporation Counsel
County of Maui
200 South High Street
Wailuku, Maui, Hawaii 96793

Re: Docket No. 2008-0115 – In Re. Molokai Public Utilities, Inc., Wai'ola O Moloka'i, Inc.,
and MOSCO, Inc. for Temporary Rate Relief

Dear Ms. Awakuni, Mr. Moto and Ms. Lovell:

Please find enclosed a copy of a letter dated July 16, 2008 and filed on July 17, 2008 by Molokai Properties Limited, dba Molokai Ranch ("MPL") with the commission. The letter indicates that it was not served on the Consumer Advocate and the Department of the Corporation Counsel, County of Maui. By copy of this letter to MPL, the commission reminds MPL to properly serve all filings with the commission to all Parties and their counsel of record in this docket.

If you have any questions, please do not hesitate to contact me at 586-2019.

Sincerely,

Kaiulani Kidani Shinsato
Commission Counsel

KKS:ps

Enclosure

c: Peter A. Nicholas (w/out enclosure)



July 16, 2008

Honorable Charmaine Tavares
Mayor of Maui County
200 South High Street
Wailuku, Hawaii 96793-2155

By FAX: (808) 270-7870

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PUBLIC UTILITIES
COMMISSION

Dear Mayor Tavares,

The Chairman, Tan Sri Quek Leng Chan, has received your letter dated July 10 which focuses on further issues in relation to the Molokai utilities.

The Chairman has asked again that I respond on his behalf, as he directs local issues to the relevant principal executive in the region.

From the outset, the position of Molokai Properties Limited in relation to the utilities has not changed.

At the meeting with you in my office in late March, I gave you written information that clearly showed the utilities were facing a huge deficit and that we estimated MPL could only fund those utilities until the end of August. I told you MPL had only limited financial resources and the company had recently shut its property because it could no longer incur operating losses to the extent of \$3.5 million per annum.

The same information concerning the financial state of the utilities was presented personally by me to the Public Utilities Commission (PUC) and to representatives of the Governor. Further detailed financial information has since been supplied to the PUC at its request as it investigates a rate increase for MPL. To date, all information requested by the PUC has been supplied in full and within the timeframe requested.

The advice to all parties that the utilities cannot be funded past the end of August is simply a commercial reality. In no way is this "commercial decision" intended to exert pressure on any entity to take over the systems.

Nevertheless, there is much evidence from your ratepayers on Molokai as shown by submissions at the PUC hearing on Molokai today, that they have a strong preference for the county to become their water provider.

I also note your offer to put us in touch with two companies who are interested in either operating or purchasing the two Molokai water utilities.

We have no interest in having an operator taking over running the systems as this merely would increase our costs. However if you know of companies willing to purchase the Molokai systems, we would be happy to hear from you.

Very truly yours

A handwritten signature in black ink, appearing to read 'Peter A. Nicholas', with a stylized, cursive script.

Peter. A. Nicholas
Executive Director

CC: Public Utilities Commission
Senator D K Inouye
Senator D Akaka
Representative Mazie Hirono
Edward Kubo, US Attorney
Mark Bennett, Attorney-General
Councilman Danny Mateo
Abbey Mayer, State Department of Planning
Alexis Strauss, US EPA, Region 1X
Tan Sri Quek Leng Chan.